



Government of
Saskatchewan

Annual Report 1982-83

The Saskatchewan Agricultural Returns Stabilization Fund



Minister
of Agriculture

Legislative Building
Regina, Canada
S4S 0B3

(306) 565-5886

To His Honour
The Honourable F.W. Johnson
Lieutenant Governor of the Province
of Saskatchewan

Sir:

I have the honour to submit the Annual Report of the
Saskatchewan Agricultural Returns Stabilization Fund
for the twelve months ending March 31, 1983.

I have the honour to be, Sir,
Your obedient servant,

Lorne Hepworth
Minister of Agriculture

Saskatchewan
Agriculture

Deputy Minister

Walter Scott Building
Regina, Canada
S4S 0B1

Honourable Lorne Hepworth
Minister of Agriculture

Dear Sir:

It is my pleasure to present the Annual Report of the
Saskatchewan Agricultural Returns Stabilization Fund
for the twelve months ending March 31, 1983.

Respectfully submitted,



Jack Drew
Deputy Minister of Agriculture

ANNUAL REPORT
OF THE
SASKATCHEWAN AGRICULTURAL
RETURNS STABILIZATION FUND
1982 - 1983

Annual Report of the
Saskatchewan Agricultural Returns
Stabilization Fund
1982 - 1983

The Fund

The Saskatchewan Agricultural Returns Stabilization Fund was established by the Saskatchewan Agricultural Returns Stabilization Act, 1973. The fund provides for establishment of stabilization accounts for stabilizing the returns to agricultural commodities produced in Saskatchewan. During 1982 - 1983, the Fund had three accounts, a Cow Calf to Finish Market Insurance Plan Account and a Feeder Finish Market Insurance Plan Account for beef producers and the Saskatchewan Hog Assured Returns Program Account for hog producers.

Accounts in the Fund

The Cow Calf to Finish Market Insurance Plan introduced on January 1, 1982 continued operation in 1982-83.

The plan supports cow calf to finish producers using a cost of production support level based on 100 percent of cash costs and 55 percent of non-cash costs.

The plan operated on a levy of 4 percent of gross receipts from producers based on hot carcass value until January 1, 1983 when it was increased to 6%. The Saskatchewan Department of Agriculture, on behalf of the Government of Saskatchewan, contributes an equal amount and pays the administration costs of the stabilization portion of the plan. Finished animals are marketed by the Beef Stabilization Board either on a rail grade basis or through live sales. The administration of the marketing program is paid for by producers.

Producer participation is based on the cow herd and coverage was set at 90 percent of the number of cows enrolled in the program to a maximum of 200 finished animals. Coverage was adjusted to 80 percent of the cow herd enrolled in the program to a maximum of 200 finished animals on January 1, 1983.

Coverage of an additional 50 purchased feeders under the plan was discontinued July 1, 1982 but producers had until February 25, 1983 to market animals purchased before that date.

A new plan, the Feeder to Finish Market Insurance Plan was introduced effective October 4, 1982.

The plan supports cattle finished by Saskatchewan residents that have been owned for a minimum of 75 days. The support level is based on 100 percent of cash costs and 50 percent of non-cash costs associated with the purchase and finishing of a 650 lb steer.

The plan operates on a levy of 2 percent of gross receipts from the producer and 2 percent of gross receipts from the Department of Agriculture on behalf of the Government of Saskatchewan.

Finished animals are marketed on behalf of producers by the Beef Stabilization Board. The administration of the marketing program is paid for by producers.

The Saskatchewan Beef Stabilization Board administers the Feeder Finish Plan on behalf of the Department of Agriculture. The administration costs of the Feeder Finish Plan are paid by the Department of Agriculture.

The Saskatchewan Hog Assured Returns Program (SHARP) a stabilization plan for hog producers, continued in operation in 1982-83. SHARP is a voluntary, producer contributory program which provides participating hog producers with protection against instability caused by fluctuating prices and changing costs-of-production.

SHARP participants receive a guaranteed quarterly support price based on the cost-of-production. During 1982-83 the support price was based on 100 percent of cash costs plus 85 percent of non-cash costs.

The SHARP account is financed by levies on a 50-50 cost shared basis between participating producers and the Department of Agriculture on behalf of the Government of Saskatchewan. The levy for the 1982-83 fiscal year was set at 3 percent for producers and increased July 1, 1982 to 4 1/2%. It was reduced to 4% January 1, 1983.

The Saskatchewan Hog Marketing Commission continues to administer SHARP on behalf of the Department of Agriculture. Administrative costs were paid by the Department.

Plan Operations

The beef market remained depressed during the year with the highest average price for A1 and A2 steers obtained in the second quarter of 1982 when \$1.431 per cwt on a hot dressed basis was obtained. Prices fell continuously for the rest of the year, however, the support level fell also as falling interest rates and barley prices reduced costs.

The Cow-Calf to Finish Market Insurance Plan ended the year with a deficit including accrued interest and other payables of \$29,654,489. The Feeder Finish Market Insurance Plan ended the year with a deficit including accrued interest and the payables of \$868,466. The deficit in the Cow Calf to Finish plan triggered an increase in the levy from 4% to 6% for both producers and the Government of Saskatchewan.

Hog prices reached record levels during the year. The third quarter 1982 high of \$92.49/cwt fell to the low of \$79.59/cwt. in the first quarter of 1983.

As market prices were above the support level for the entire period no payouts were made under SHARP in 1982-83. The beginning year deficit of \$7.2 million was reduced to \$3.6 million by year end. The beginning year deficit caused the levy to increase from 3% to 4 1/2% for two quarters of the period. A reduced deficit and lower interest rates reduced the levy to 4% by the end of the 1982-83 fiscal year.

COW-CALF TO FINISH
MARKET INSURANCE PLAN

	Average market price	Support level	Average payout
(Dollars per cwt, hot dressed weight)			
1982 - 02	1.431	1.646	.215
- 03	1.2882	1.6272	.339
- 04	1.2117	1.5977	.386
1983 - 01	1.2272	1.5062	.279

FEEDER-FINISH MARKET
INSURANCE PLAN

	Average market price	Support level	Average payout
(Dollars per cwt, hot dressed weight)			
1982 - OCT	\$1.2357	1.3789	\$.1432
- NOV	1.2345	1.3811	.1466
- DEC	1.1786	1.3666	.1880
1983 - JAN	1.1937	1.3429	.1492
- FEB	1.2291	1.3241	.0950
- MAR	1.2620	1.3217	.0597

SHARP STATISTICS

	Average market price	Support level	Average payout	Participants (number)
		(Dollars per cwt)		
1982 - 02	85.10	79.45	--	2149
- 03	92.49	79.31	--	2175
- 04	80.12	77.02	--	2193
1983 - 01	79.59	74.43	--	2000

SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

FINANCIAL STATEMENTS

Year Ended March 31, 1983

OFFICE OF THE PROVINCIAL AUDITOR

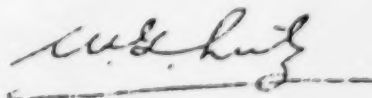
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of The Saskatchewan Agricultural Returns Stabilization Fund as at March 31, 1983 and the statement of revenue and expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the fund as at March 31, 1983 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in dark ink, appearing to read 'W. G. Lutz', is written over a horizontal line.

Regina, Saskatchewan,
June 30, 1983.

W. G. Lutz, F.C.A.,
Provincial Auditor.

THE SASKATCHEWAN AGRICULTURAL REVENUE STABILIZATION FUND

BALANCE SHEET

March 31, 1961

	Saskatchewan Hog Market Returns Program	Cow Calf to Finish Market Insurance Plan	Feeder Finish Market Insurance Plan	1961 (Note 3)	1962 (Note 3)
ASSETS					
Cash	\$ 16,004	\$ 3,962,919	\$ -	\$ 3,978,923	\$ 200,573
Short term deposits, at cost	-	-	-	-	859,821
Contributions receivable	593,358	1,765,970	176,806	2,536,134	1,623,330
- Government of Saskatchewan	247,490	-	-	247,490	183,844
- Saskatchewan Hog Marketing Commission	44,987	27,321	3,061	75,369	74,537
- producers	-	-	101,814	101,814	283,821
- Saskatchewan Beef Stabilization Board - producers trust accounts	-	-	-	-	11,776
Accrued interest receivable	-	-	376,912	376,912	-
Accounts receivable	901,839	5,756,210	658,593	7,316,642	3,237,702
- Cow Calf to Finish Market Insurance Plan	-	-	-	-	-
LIABILITIES AND FUND BALANCE					
Liabilities:	\$ 315,763	\$ 6,957,407	\$ 1,527,059	\$ 8,800,229	\$ 14,401,275
Accounts payable - producers	4,120,000	24,486,066	-	28,606,066	6,115,000
Loan - Department of Agriculture	-	-	-	-	-
Payable to Saskatchewan Beef Stabilization Board	-	-	-	-	-
- Operating	-	152,673	-	152,673	-
- Producers trust	-	1,566,881	-	1,566,881	-
Payable to Feeder Finish Market Insurance Plan	-	376,912	-	376,912	-
Accrued interest payable	-	1,870,760	-	1,870,760	-
Fund Balance	(3,533,924)	(29,654,489)	(868,466)	(34,056,879)	(17,278,573)
Fund deficiency - Statement 2	\$ 901,839	\$ 5,756,210	\$ 658,593	\$ 7,316,642	\$ 3,237,702

(See accompanying notes to the financial statements)

THE SASKATCHEWAN AGRICULTURAL REVENUE STABILIZATION FUND

STATEMENT OF REVENUE AND EXPENDITURE AND FUND BALANCE

For the Year Ended March 31, 1983

	Saskatchewan To: Assured Returns Program	Gov. Galt to Finnish Market Insurance Plan	For the Finnish Market Insurance Plan	1983	1982 (Note 1)
Revenue					
Producer contributions					
Government of Saskatchewan	\$ 2,333,781	\$ 5,230,408	\$ 308,178	\$ 7,872,367	\$ 2,583,142
Administrative cost recovery - Government of Saskatchewan	2,333,781	5,230,408	308,178	7,872,367	2,583,142
Interest	60,000	-	-	60,000	60,000
	-	55,698	-	55,698	27,270
	4,727,562	10,516,514	616,356	15,860,432	5,263,554
Expenditure					
Stabilization to producers	86,302	28,351,589	1,484,822	29,922,713	18,019,390
Administrative costs	60,000	-	-	60,000	60,000
Loan interest	785,265	1,870,760	-	2,656,025	799,159
	931,567	30,222,349	1,484,822	32,638,738	18,798,549
Excess of revenue over expenditure (expenditure over revenue)	3,795,995	(19,705,835)	(868,466)	(16,778,306)	(13,534,995)
Fund balance (deficiency), beginning of year	(7,329,919)	(9,948,654)	-	(17,278,573)	(3,753,578)
Fund balance (deficiency), end of year	\$(3,533,924)	\$(29,654,489)	\$(868,466)	\$(34,056,879)	\$(17,278,573)

(See accompanying notes to the financial statements)

THE SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 1983

1. Authority and Accounting Policies

a) Establishment of Program

Saskatchewan Hog Assured Returns Program (SHARP)

This Program was established under regulations authorized by Order-in-Council 914/76 effective July 1, 1976 pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975. These regulations were subsequently amended, then revoked and replaced by regulations authorized by Order-in-Council 1879/80 effective January 1, 1981. These regulations were subsequently further amended by Order-in-Council 433/82 effective March 31, 1982.

Cow Calf to Finish Market Insurance Plan

This Plan was established under regulations authorized by Order-Council 457/83 retroactive to January 1, 1982 pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975.

Section 3(2) of the regulations stipulates that the plan is to be reviewed on January 1, 1987. Provision has been made in the regulations for an earlier review of the plan.

Feeder Finish Market Insurance Plan

This Plan was established under regulations authorized by Order-in-Council 456/83 retroactive to October 4, 1982 pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975.

Section 3(2) of the regulations stipulates that the plan is to be reviewed on April 1, 1987. Provision has been made in the regulations for an earlier review of the plan.

b) Government Contributions

In accordance with Section 8(2) of the Saskatchewan Hog Assured Returns Regulations and in accordance with Section 7(2) of The Cow Calf to Finish Market Insurance Plan Regulations and The Feeder Finish Market Insurance Plan Regulations, the Department of Agriculture, from money appropriated under the Act, remits an amount equal to the amount of levies charged to participants after the end of each quarter.

c) Distribution on Termination

Provision is made in Section 4 of the regulations for a distribution of the fund balance if the program is ended. Any surplus, as determined by the regulations, which remains if the program ends will be shared equally between the participants and the Consolidated Fund of the Province. Any deficit, as determined by regulation, would be repaid by the Department of Agriculture, from money appropriated under the Act.

d) Loans from the Department of Agriculture

The Saskatchewan Hog Assured Returns Program

In accordance with Section 11 of the regulations, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 124/82 authorized loans not exceeding \$7.5 million to be made to the Fund, which will bear interest at a rate calculated April 1 and October 1 each year based on the estimated interest rate on loans to the Province.

Cow Calf to Finish Market Insurance Plan

In accordance with Section 9 of the Act, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 652/83 authorized loans not exceeding \$40 million to be made to the Beef Stabilization Account, which will bear interest at a rate calculated April 1 and October 1 each year based on the average cost of money to the Province for each six month period.

Feeder Finish Market Insurance Plan

In accordance with Section 9 of the Act, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 651/83 authorized loans not exceeding \$5 million to be made to the Beef Stabilization Account, which will bear interest at a rate calculated April 1 and October 1 each year based on the average cost of money to the Province for each six month period.

e) Administrative Expenses

The Saskatchewan Hog Assured Returns Program (SHARP) is administered by the Saskatchewan Hog Marketing Commission. The amount reimbursed to SHARP for costs of administration by the Department of Agriculture which were charged by the Commission is included as revenue in the statement of revenue and expenditure.

The Cow Calf to Finish Market Insurance Plan and the Feeder Finish Market Insurance Plan are administered by the Saskatchewan Beef Stabilization Board. The amounts reimbursed directly to the Board by the Department of Agriculture for costs charged as administration are not included in these financial statements. These amounts are included as revenue in the statement of revenue and expenditure of the Board and amounted to \$225,956 for the current fiscal year. A further amount of \$104,704 being a deferred grant received from the Department of Agriculture in 1982 was credited to income during the current year.

2. Producer Stabilization Payments

Subsequent to March 31, 1983 the Cow Calf to Finish Market Insurance Plan and the Feeder Finish Market Insurance Plan received \$3,886,819 and \$1,254,850 respectively to fund stabilization payments relating to the fiscal year ending March 31, 1983.

3. Comparative Figures

The 1982 comparative figures include 12 months activities for the Saskatchewan Hog Assured Returns Program and 3 months activities for the Saskatchewan Beef Stabilization Plan. By Order in Council 457/83 the Saskatchewan Beef Stabilization Plan was continued as the Cow Calf to Finish Market Insurance Plan for the purpose of stabilizing returns to beef producers.

4. The Saskatchewan Hog Assured Returns Program - Review of Regulations

In accordance with section 3(2)(b) of the regulations, a review of the Saskatchewan Hog Assured Returns Program is required at the earlier of the levy rate reaching the permitted maximum of 4 1/2% or January 1, 1985.

The levy rate of 4.5% was reached in July, 1982 and as a result, a review of the regulations was performed. As a result of this review, the previous amended regulations were repealed and revised regulations cited as The Saskatchewan Hog Assured Program Regulations, 1983 come into force effective July 1, 1983.